THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The Reserve Bank of India (RBI) has not set up any such panel. However, Government of India had appointed a Task Force on Non-Banking Financial Companies (NBFCs) in August, 1998. The Task Force submitted its report in October, 1998.

(b) The major recommendation of the Task Force include a (i) higher entry level Net Owned Fund; (ii) higher capital to Risk Asset Ratio for NBFCs seeking public deposit; (iii) ceiling on exposure to real estate and unquoted investment; (iv) disclosure in application form and advertisements for public deposits; (v) norms for exposures to connected companies to be tightened; (vi) setting up of a Depositor's Grievance Redressal Authority; (vii) publicity campaign for depositors' awareness; (viii) easing flow of credit from banks to NBFCs; (ix) State Governments to be kept informed of companies registered/rejected; (x) unauthorized deposit taking by NBFC be made a congnizable offence etc. '

RBI issued comprehensive Directions in December, 1998 to implement a number of recommendations of Task Force. The minimum entry level Net Owned Fund has been increased from Rs. 25 lakhs to Rs. 200 lakhs with effect from 21.4.1999 State Government have been provided with the list of all the approved and rejected NBFCs. The ceiling on banks lending to NBFCs registered with Reserve Bank has been removed in May, 1999. RBI has started publicity campaign on January 29, 1999. A new Act for NBFC is being drafted to implement the recommendations of Task Force requiring statutory changes.

(c) No, Sir. Plantation company Schemes are collective investment schemes regulated by SEBI.

Report of the Panel Set up by RBI for Controlling NBFCs Question

2058. SHRI C. RAMACHANDRAIAH:
SHRI P. PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether a panel set up by the Reserve Bank of India to form guidelines for effectively controlling the activities of the Non-Banking Financial Companies and Residuary Non-Banking Companies has since submitted its reports;

(b) if so, the details thereof and the action taken by Government thereon; and

(c) whether the aforesaid guidelines would include the activities of the Agro-based Plantation Companies some of which decamped with investors' money and if not, the reasons therefore?

(d) if not, the reasons therefor and date on which the ceiling was last revised?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) Under Section 88 of the Income-tax Act, an assessee is entitled to a tax rebate of 20% of sums contributed to specified saving schemes, insurance etc. The overall limit of Rs. 60,000/- under this provision also includes the amount of repayment of House Building Advance upto a maximum limit of Rs. 10.000/-.

The Government considers the limits in the ceiling of the overall investment permissible under the provision as part of budget exercise every year. The amount permissible for deduction of repayment of House Building Advance is also examined in the context of other saving instruments that are eligible for rebate. The Government response, if any, will be contained in the budget proposal.

(b) Does not arise in view of (a) above.

(c) Does not arise in view of (a) & (b) above. The ceiling limit of Rs, 10.000/- has not been revised since the Fiance Act, 1990.

Hard Decisions

2059. SHRI DRUPAD BORGOHAIN: Will the Minister of FINANCE be pleased to state:

(a) whether it is fact that the Prime Minister has been reminding people to face "hard decesions"; if so, the details in this regard;